

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**2010 First Round**  
**June 9, 2010**

**Project Number** CA-2010-046

**Project Name** Waterford Gardens Apartments  
 Site Address: 12313 Dorsey Street  
 Waterford CA 95386 County: Stanislaus  
 Census Tract: 28.020

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$733,900	\$2,446,333
Recommended:	\$733,900	\$2,446,333

**Applicant Information**

Applicant: Waterford Court, L.P.  
 Contact: Elva L. Grant  
 Address: 1008 2nd Street, Second Floor  
 Sacramento CA 95814  
 Phone: 916-254-5901 Fax: 916-254-5941  
 Email: Elva@housing-alternatives.org

General partner(s) or principal owner(s): Housing Alternatives, Inc.  
 General Partner Type: Nonprofit  
 Developer: Housing Alternatives, Inc.  
 Investor/Consultant: WNC & Associates, Inc.  
 Management Agent: Hyder & Company

**Project Information**

Construction Type: Rehabilitation-Only  
 Total # Residential Buildings: 7  
 Total # of Units: 51  
 No. & % of Tax Credit Units: 50 100%  
 Federal Set-Aside Elected: 40%/60% Test  
 Federal Subsidy: USDA  
 Affordability Breakdown by % (Lowest Income Points):  
 30% AMI: 10 %  
 35% AMI: 10 %  
 40% AMI: 10 %  
 45% AMI: 10 %  
 50% AMI: 10 %

**Information**

Set-Aside: At-Risk  
 Housing Type: At-Risk  
 Geographic Area: Central Region  
 TCAC Project Analyst: Benjamin Schwartz

**Unit Mix**

18 1-Bedroom Units  
 32 2-Bedroom Units  
1 3-Bedroom Units  
 51 Total Units

<u>Unit Type &amp; Number</u>	<u>2009 Rents Targeted % of Area Median Income</u>	<u>2009 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 1 Bedroom	30%	30%	\$335
3 1 Bedroom	35%	35%	\$391
2 1 Bedroom	40%	40%	\$447
3 1 Bedroom	45%	45%	\$502
2 1 Bedroom	50%	50%	\$558
6 1 Bedroom	60%	56%	\$630
3 2 Bedrooms	30%	30%	\$402
2 2 Bedrooms	35%	35%	\$469
3 2 Bedrooms	40%	40%	\$536
2 2 Bedrooms	45%	45%	\$603
3 2 Bedrooms	50%	50%	\$670
19 2 Bedrooms	60%	53%	\$715
1 3 -Bedrooms	Manager's Unit	Manager's Unit	\$930

**Project Financing**

Estimated Total Project Cost: \$9,505,554      Construction Cost Per Square Foot: \$131  
 Per Unit Cost: \$186,383

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Bonneville Mortgage Co.	\$1,250,000	Bonneville Mortgage Co.	\$1,250,000
USDA Loan Assumption	\$900,000	USDA Loan Assumption	\$900,000
AHP Funds	\$250,000	AHP Funds	\$250,000
Deferred Developer Fees	\$1,063,622	Deferred Developer Fee	\$353,673
Investor Equity	\$6,041,932	Tax Credit Equity	\$6,751,881
		<b>TOTAL</b>	<b>\$9,505,554</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$8,154,446
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$8,154,446
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$733,900
Total State Credit:	\$2,446,333
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,063,623
Investor/Consultant:	WNC & Associates, Inc.
Federal Tax Credit Factor:	\$0.72000
State Tax Credit Factor:	\$0.60000

Per Regulation Section 10322(i)(4)(A), The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis:	\$8,154,446
Actual Eligible Basis:	\$8,154,446
Unadjusted Threshold Basis Limit:	\$8,406,436
Total Adjusted Threshold Basis Limit:	\$9,163,014

**Adjustments to Basis Limit:**

3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Projects exceeding Title 24 by at least 15%
  - Projects using a Minimum Efficiency Report Value (MERV) 8 or higher air filter for HVAC systems that introduce outside air
  - Projects using vent kitchen range hoods to the exterior of the building in at least 80% of the units
- Utilizing New Energy Technologies

**Tie-Breaker Information**

First:	<b>At-Risk</b>
Second:	<b>23.682%</b>

**Cost Analysis and Line Item Review**

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses meet the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

**Special Issues/Other Significant Information:** None

**Legal Status:** Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

**Local Reviewing Agency:**

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

**Recommendation:** Staff recommends that the Committee make a preliminary reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$733,900</b>	<b>\$2,446,333</b>

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 150-Day Requirements elected, and a Final Reservation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(6) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

**Additional Conditions**            None

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Cost Efficiency / Credit Reduction / Public Funds</b>	<b>20</b>	<b>20</b>	<b>20</b>
Cost Efficiency	20	11	11
Public Funds	20	9	9
<b>Owner / Management Characteristics</b>	<b>9</b>	<b>9</b>	<b>9</b>
General Partner Experience	6	6	6
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within 1,500 feet of a regular bus stop or rapid transit system stop	3	3	3
Within ¼ mile of public park or community center open to general public	3	3	3
Within ¼ mile of public library	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within ¼ mile of a pharmacy	2	2	2
In-unit high speed internet service	2	3	3
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
Adult educational classes, minimum instruction of 60 hours/year	5	5	5
Health/wellness or skill-building classes, minimum instruction of 60 hrs/yr	5	5	5
<b>Sustainable Building Methods</b>	<b>8</b>	<b>8</b>	<b>8</b>
Rehabilitation that increases energy efficiency by 25%	4	4	4
Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
Recycled materials incorp. into concrete, carpet, road base, landscape	1	1	1
Construction Indoor Air Quality Management plan	2	2	2
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>State Credit Substitution</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total Points</b>	<b>146</b>	<b>146</b>	<b>146</b>

**Please Note:** If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**